

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-07

NORTHEAST UNION FIRE DISTRICT

Marion, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2006

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M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

BOARD OF COMMISSIONERS
NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Northeast Union Fire District as of December 31, 2006, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

Management has elected to omit Management's Discussion and Analysis which is supplemental information required by GASB. If the omitted information were included in the financial statements, they might influence the user's conclusions about the district's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s Carleen Dumas
Calhoun, Louisiana
May 17, 2007

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

BASIC FINANCIAL STATEMENTS

Statement A**NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana****STATEMENT OF NET ASSETS
December 31, 2006**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$22,834
Investment - certificate of deposit	51,233
Property tax receivable	82,212
Capital assets, net	<u>399,405</u>
TOTAL ASSETS	<u>555,684</u>
LIABILITIES	
Accounts payable	493
Deferred revenue	<u>83,379</u>
TOTAL LIABILITIES	<u>83,872</u>
NET ASSETS	
Invested in capital assets	399,405
Unrestricted	<u>72,407</u>
TOTAL NET ASSETS	<u><u>\$471,812</u></u>

See accompanying notes and accountant's compilation report.

Statement B**NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana****STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006**

	<u>GOVERNMENTAL ACTIVITIES</u>
Expenses - public safety - fire protection	<u>\$81,177</u>
General revenues:	
Property taxes	75,159
State fire insurance rebate	8,927
Interest income	1,233
Miscellaneous	972
Total general revenues	<u>86,291</u>
Change in net assets	5,114
Net assets - beginning	<u>466,698</u>
Net assets - ending	<u><u>\$471,812</u></u>

See accompanying notes and accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2006

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$22,834
Investment - certificate of deposit	51,233
Property tax receivable	<u>82,212</u>
TOTAL ASSETS	<u>\$156,279</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$493
Deferred revenue	<u>83,379</u>
Total liabilities	83,872
Fund balance - unreserved	<u>72,407</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$156,279</u>
Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Assets:	
Fund balance - unreserved - General Fund	\$72,407
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	<u>399,405</u>
Net assets of governmental activities (Statement A)	<u>\$471,812</u>

See accompanying notes and accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2006

	<u>GENERAL FUND</u>
REVENUES	
Property taxes	\$75,159
Intergovernmental revenues:	
State - fire insurance rebate	8,927
Interest income	1,233
Other revenues	<u>972</u>
Total revenues	<u>86,291</u>
EXPENDITURES	
Public safety - fire protection:	
Current:	
Operating services	22,083
Materials and supplies	30,079
Capital outlay	<u>29,206</u>
Total expenditures	<u>81,368</u>
NET CHANGE IN FUND BALANCE	4,923
FUND BALANCE AT BEGINNING OF YEAR	<u>67,484</u>
FUND BALANCE AT END OF YEAR	<u><u>\$72,407</u></u>

(Continued)

See accompanying notes and accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND (Contd.)
For the Year Ended December 31, 2006

	<u>GENERAL FUND</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities:	
Net change in fund balance - General Fund	\$4,923
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Change in net assets of governmental activities (Statement B)	<u>191</u> <u>\$5,114</u>

(Concluded)

See accompanying notes and accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

INTRODUCTION

The Northeast Union Fire District was created by the Union Parish Police Jury on October 7, 1997, as authorized by Louisiana Revised Statute 40:1494. The district is governed by a five member board appointed by the Union Parish Police Jury. Board members serve terms from two to three years without benefit of compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district. The district has no employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Northeast Union Fire District is considered a component unit of the Union Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Northeast Union Fire District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The Northeast Union Fire District has only one governmental fund.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

The Northeast Union Fire District reports the following governmental fund:

General Fund

The General fund is the general operating fund of the district and accounts for all financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Notes to the Financial Statements

C. Deposits and Investments

Cash includes amounts in noninterest-bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2006, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Receivables

Property tax receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The district levied 7.50 mills on property within the boundaries of the district for maintenance and operation of the district for the year ended December 31, 2006.

E. Capital Assets

Capital assets, which include buildings, vehicles, and equipment are reported in the governmental activities column in the government-wide financial statements. All of the district's capital assets are capitalized at historical cost. The Northeast Union Fire District maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Buildings	40 years
Vehicles	5-15 years
Equipment	10 years

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Notes to the Financial Statements

F. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At December 31, 2006, the district's governmental fund balance was unreserved and undesignated.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budget Information

A preliminary General Fund budget for the ensuing year is prepared by the board of commissioners in December of each year on the modified accrual basis of accounting. The budget is then adopted by the board during the regular December meeting. The budget is established and controlled by the board of commissioners at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Encumbrance accounting is not used by the district. All changes in the budget must be approved by the board of commissioners.

Budgeted amounts included in the accompanying financial statements include the original adopted budget. There were no budget amendments during the year.

Excess of Expenditures Over Appropriations

The General Fund had actual expenditures over budgeted expenditures of \$38,968 or 91% of total final budgeted expenditures.

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Notes to the Financial Statements

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2006, the district has cash and investments (book balances) as follows:

Non-interest bearing checking account	\$22,834
Investments - certificates of deposit	<u>51,233</u>
Total	<u>\$74,067</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash and investments (bank balances) at December 31, 2006, are \$74,067, and are fully secured from risk by federal deposit insurance.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

	Balance at January 1, 2006	Increases	Decreases	Balance at December 31, 2006
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$189,950			\$189,950
Vehicles	233,800	\$8,700		242,500
Equipment	57,868	20,506		78,374
Total capital assets being depreciated	<u>481,618</u>	<u>29,206</u>	<u>NONE</u>	<u>510,824</u>
Less accumulated depreciation for:				
Buildings	14,246	4,749		18,995
Vehicles	53,255	16,783		70,038
Equipment	14,903	7,483		22,386
Total accumulated depreciation	<u>82,404</u>	<u>29,015</u>	<u>NONE</u>	<u>111,419</u>
Total assets being depreciated, net	<u>\$399,214</u>	<u>\$191</u>	<u>NONE</u>	<u>\$399,405</u>

Depreciation expense of \$29,015 for the year ended December 31, 2006 was charged to the public safety - fire protection governmental function.

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Notes to the Financial Statements

5. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's compilation report.

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2006

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$75,000	\$75,000	\$75,159	\$159
State - fire insurance rebate			8,927	8,927
Interest income			1,233	1,233
Other revenue			972	972
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>86,291</u>	<u>11,291</u>
EXPENDITURES				
Public safety - fire protection:				
Current:				
Operating services	21,000	21,000	22,083	(1,083)
Materials and supplies	5,400	5,400	30,079	(24,679)
Other	1,000	1,000		1,000
Capital outlay	15,000	15,000	29,206	(14,206)
Total expenditures	<u>42,400</u>	<u>42,400</u>	<u>81,368</u>	<u>(38,968)</u>
NET CHANGE IN FUND BALANCE	32,600	32,600	4,923	(27,677)
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>67,484</u>	<u>67,484</u>
FUND BALANCE AT END OF YEAR	<u>\$32,600</u>	<u>\$32,600</u>	<u>\$72,407</u>	<u>\$39,807</u>

There were no budget amendments during the year ended December 31, 2006.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2006

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 1.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 2.

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2006

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
N/A	2005	The district did not adopt a budget for the year ended December 31, 2005.	Yes	N/A
N/A	2005	The district did not comply with the public bid law.	Yes	N/A

See accountant's compilation report.

NORTHEAST UNION FIRE DISTRICT
Marion, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2006

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Actual expenditures exceeded budgeted expenditures by \$38,968 or 91%.	The district will adopt a budget amendment when actual expenditures exceed budgeted expenditures by more than 5%.	Huey Rhodes, Secretary	12/31/07

See accountant's compilation report.